

**ALLAMAKEE COUNTY
WAUKON, IOWA**

FINANCIAL REPORT

JUNE 30, 2009

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ALLAMAKEE COUNTY

Name	OFFICIALS Title	Term Expires
	(Before January 2009)	
Kathy Campbell	Supervisor	January 2011
William Clark	Supervisor	January 2009
Lennie Burke	Supervisor	January 2011
Mary O'Neill	County Auditor	January 2009
Lori Hesse	County Treasurer	January 2011
Deb Winke	County Recorder	January 2011
Tim Heiderscheit	County Sheriff	January 2009
William Shafer	County Attorney	January 2011
Ann Burckart	County Assessor	Appointed
	(After January 2009)	
Kathy Campbell	Supervisor	January 2011
Cloy Kuhse	Supervisor	January 2013
Lennie Burke	Supervisor	January 2011
Pam Benjegerdes	County Auditor	January 2013
Lori Hesse	County Treasurer	January 2011
Deb Winke	County Recorder	January 2011
Tim Heiderscheit	County Sheriff	January 2013
Mary Jane White	County Attorney	January 2011
Ann Burckart	County Assessor	Appointed

123 West Water Street
P.O. Box 507
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New Hampton, Iowa 50659
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**INDEPENDENT AUDITOR'S REPORT ON THE
THE FINANCIAL STATEMENTS**

**To the Board of Supervisors
Allamakee County
Waukon, Iowa**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Allamakee County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

We were not able to audit inventory as of June 30, 2009, stated at \$332,155. Management did not take a physical count of materials and supplies inventory, pertaining primarily to the special revenue major fund - secondary roads and governmental activities.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to determine the validity of inventory for the governmental activities and special revenue major fund – secondary roads, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and special revenue major fund – secondary roads information of Allamakee County as of June 30, 2009, and the respective changes in financial position, for the year then ended in conformity with U.S. generally accepted accounting principles.

In addition, in our opinion, the financial statements referred to about present fairly, in all material respects, the respective financial position of each major fund, except special revenue fund-secondary roads and the aggregate remaining fund information of Allamakee County as of June 30, 2009, and the respective changes in financial position, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2009, on our consideration of Allamakee County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on page 4 and pages 25 through 27, are not a required part of the basic financial statements but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 23, 2009

ALLAMAKEE COUNTY
WAUKON, IOWA

Management's Discussion and Analysis
For the Fiscal Year Ending June 30, 2009

Management of Allamakee County provides this Management's Discussion and Analysis of Allamakee County's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the County's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- Revenues of the County's governmental activities increased 2.46%, or approximately \$263,000, from fiscal 2008 to fiscal 2009. Operating grants and contributions increased approximately \$152,000 and property taxes increased approximately \$252,000.
- Program expenses were 4.87%, or approximately \$516,000, more in fiscal 2009 than in fiscal 2008. Public safety and legal services expenses increased approximately \$113,000 and roads and transportation expenses increased approximately \$640,000.
- The County's net assets decreased .71%, or approximately \$146,000, from June 30, 2008 to June 30, 2009.

USING THE BASIC FINANCIAL STATEMENTS

The annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Allamakee County as a financial whole, or as an entire operating entity.

The government-wide financial statements consist of a statement of net assets and a statement of activities. These provide information about the activities of Allamakee County as a whole and present an overall view of the County's finances and a longer-term view of those finances.

The fund financial statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Allamakee County's operations in more detail than the government-wide statements by providing information about the most significant funds with all other nonmajor funds presented in total in a single column. For Allamakee County, the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund are the most significant funds. The remaining statements provide financial information about activities for which Allamakee County acts solely as an agent or custodian for the benefit of those outside of the government.

The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's budget for the year.

Supplementary information provides detailed information about the nonmajor governmental funds and the individual fiduciary funds.

Reporting the County as a Whole

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the County's finances is, "Is the County as a whole better off or worse off as a result of the year's activities?" The statement of net assets and the statement of activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting and the economic resources measurement focus which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net assets presents all of the County's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the County's net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The statement of activities presents information showing how the County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

Fund financial reports provide detailed information about the County's major funds. The County uses different funds in accordance with the Uniform Financial Accounting for Iowa County Governments to record its financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, MH/DD-special revenue fund, rural services-special revenue fund, and secondary roads-special revenue fund.

Governmental Funds

Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds include: 1) the general fund, 2) the special revenue funds such as mental health, rural service, and secondary roads, and 3) the capital projects fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

Fiduciary Funds

Fiduciary funds are used to report assets held in an agency capacity for others and cannot be used to support the government's own programs. The County has agency funds that account for emergency management services, the county assessor, and E911 service board are some examples.

The fiduciary funds required financial statements include a statement of fiduciary net assets and liabilities.

A summary reconciliation between the government-wide financial statements and the fund financial statements follows the fund financial statements for the governmental funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of financial position. The analysis that follows focuses on the changes in the net assets.

Condensed Statement of Net Assets			
(Expressed in Thousands)			
Governmental Activities			
	2009	2008	Percent Change
Current and other assets	\$ 11,072	\$ 10,442	6.03%
Capital assets	14,775	15,511	-4.75%
Total assets	25,847	25,953	-0.41%
Long-term debt outstanding	166	198	-16.16%
Other liabilities	5,261	5,191	1.35%
Total liabilities	5,427	5,389	0.71%
Net assets			
Invested in capital assets	14,775	15,511	-4.75%
Restricted	2,871	2,390	20.13%
Unrestricted	2,774	2,663	4.17%
Total net assets	\$ 20,420	\$ 20,564	-0.70%

The largest portion of the County's net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment). Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. Unrestricted net assets-the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements-increased for the governmental activities approximately \$111,000 or 4.17%.

The decrease in net assets for the governmental activities is due to a decrease in investment on investments and a decrease in capital grants along with an increase in roads and transportation expenses.

The following analysis shows the change in net assets for the year ending June 30, 2009:

	Changes in Net Assets		
	(Expressed in Thousands)		
	Governmental Activities		
	2009	2008	Percent Change
Revenues:			
Program revenue			
Charges for service	\$ 396	\$ 279	41.94%
Operating grants	3,611	3,459	4.39%
Capital grants	645	708	-8.90%
General revenue			
Property taxes	5,051	4,811	4.99%
Local option sales tax	283	276	2.54%
Penalty and interest on property taxes	68	50	36.00%
State tax credits	734	737	-0.41%
Rents	46	-	
Unrestricted investment earnings	174	253	-31.23%
Other	(65)	119	-154.62%
Total revenues	10,943	10,692	2.35%
Program expenses:			
Public safety and legal services	1,340	1,227	9.21%
Physical health and social services	650	549	18.40%
Mental health	1,717	1,944	-11.68%
County environment and education	822	847	-2.95%
Roads and transportation	5,372	4,732	13.52%
Government services to residents	349	341	2.35%
Administration or general government	814	854	-4.68%
Non-program	23	91	-74.73%
Total expenses	11,087	10,585	4.74%
(Decrease) increase in net assets	(144)	107	-234.58%
Net assets beginning of year	20,564	20,457	0.52%
Net assets end of year	\$ 20,420	\$ 20,564	-0.70%

INDIVIDUAL MAJOR FUND ANALYSIS

As the County completed the year, its governmental funds reported a combined fund balance of \$5,736,999, approximately \$496,000 increase of the 2008 fiscal year end balance of \$5,240,725.

- The general fund received more revenue during fiscal year 2009 from intergovernmental sources. The ending fund balance showed a decrease from the prior year of \$199,011 to \$2,585,148, due primarily to an increase in physical health and social services and road and transportation expenditures of \$131,000 and \$211,000, respectively.
- The County has continued to look for ways to effectively manage the cost of mental health services. For the year, expenditures totaled approximately \$1,711,700, a decrease of 11.82% from the prior year. The mental health fund balance at year end increased by approximately \$463,000 over the prior year.

- Secondary roads fund revenues increased approximately \$462,000 over the prior year. For the year, expenditures totaled \$4,383,786, an increase of \$730,000. The secondary roads fund ending fund balance increase approximately \$180,000 after \$1.3 million in transfers from the general fund and rural services – special revenue fund.
- The ending fund balance for the rural service fund increased by \$43,000 or 9.79% over prior year. The increase is due to a increase in revenues of 6.09%.

BUDGETARY HIGHLIGHTS

In accordance with the Code of Iowa, the Board of Supervisors annually adopts a budget following required public notice and hearing for all funds, except agency funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not at the fund or fund type level. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The County budget is prepared on the cash basis. Over the course of the year, the County amended its operating budget once. The amendment was made in May 2009 and resulted in an increase in public safety and legal services, physical health and social service, mental health, county environment and education services, roads and transportation, governmental services to residents, administration, and a decrease in nonprogram and capital projects disbursements. However, this did not require an increase in taxes as the County received more intergovernmental, use of money and property, and miscellaneous receipts than originally projected.

The amendment made during the 2009 fiscal year should have no impact on the 2010 fiscal year’s budget.

The following chart shows the original and amended budget for fiscal 2009 as well as the actual revenue and expenditures for the year:

	Budgetary Comparison Schedule (Expressed in Thousands)			
	Budget Basis	Budget Amounts		Variance
		Original	Final	
REVENUES				
Property and other County tax	\$ 5,271	\$ 5,281	\$ 5,281	\$ (10)
Interest and penalty on property tax	58	36	36	22
Intergovernmental	4,973	4,425	4,771	202
Licenses and permits	54	50	50	4
Charges for service	344	262	262	82
Use of money and property	250	232	244	6
Miscellaneous	40	50	26	14
Total revenues	\$ 10,990	\$ 10,336	\$ 10,670	\$ 320
EXPENDITURES				
Public safety and legal services	\$ 1,318	\$ 1,337	\$ 1,390	\$ 72
Physical health and social services	670	649	746	76
Mental health	1,765	2,053	2,054	289
County environment and education services	812	838	867	55
Roads and transportation	4,773	4,314	5,195	422
Governmental services to residents	351	419	419	68
Administrative services	820	971	973	153
Non-program	17	58	30	13
Capital project	182	675	320	138
Total expenditures	\$ 10,708	\$ 11,314	\$ 11,994	\$ 1,286

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2009, Allamakee County had \$14,774,664 invested in a broad range of capital assets, including large road equipment, infrastructure and construction in progress for the governmental activities.

The County had depreciation expense of \$1,090,103 for fiscal year 2009 and total accumulated depreciation of \$7,066,067 as of June 30, 2009 for the governmental activities. More detailed information about the County's capital assets is presented in Note 4 to the financial statements.

Debt

At year-end, the County had approximately \$168,750 in other debt compared to approximately \$198,330 last year. More detail is presented in Note 9 to the financial statements.

The County's general obligation bond rating continues to carry the fourth highest rating possible, a rating that has been assigned by national rating agencies to the County's debt since 1995. The Constitution of the State of Iowa limits the amount of general obligation debt that counties can issue to 5 percent of the assessed value of all taxable property within the County's corporate limits. The County's outstanding general obligation debt is significantly below this \$48,588,606 limit.

Other obligations include accrued vacation pay. More detailed information about the County's long-term liabilities is presented in Note 9 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Allamakee County's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and the fee that will be charged for various County activities. One of those factors is the economy.

The County's local option sales taxes received continue to be a significant portion of County revenues and account, in part, for property tax levy rates lower than would otherwise be possible.

The County is anticipating not receiving 100% replacement for Homestead Credit therefore; the difference will need to be paid by the individual taxpayer. Allamakee County has a very small amount of delinquent property taxes due to the fact that the local taxpayers pay their property taxes in a timely manner.

Amounts available for appropriation in the operating budget are \$14,685,981, an increase of 1.3% over the final 2009 budget of \$14,499,185.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Allamakee County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Auditor's Office, Allamakee County, 110 Allamakee Street, Waukon, IA 52172.

ALLAMAKEE COUNTY
STATEMENT OF NET ASSETS
June 30, 2009

	Governmental Activities
ASSETS	
Cash and pooled investments	\$ 5,431,887
Receivables	
Property tax	
Delinquent	78,930
Succeeding year	4,710,570
Accounts	55,825
Accrued interest	13,003
Notes receivable	101,075
Due from other governments	294,152
Inventories	332,155
Prepaid expenses	30,482
Notes receivable	24,156
Nondepreciable assets	845,228
Capital assets, net of accumulated depreciation/depletion	13,929,436
	\$ 25,846,899
Total assets	\$ 25,846,899
LIABILITIES AND NET ASSETS	
Accounts payable	\$ 193,003
Salaries and benefits payable	42,879
Due to other governments	189,357
Deferred revenue	
Succeeding year property tax	4,710,570
Other	125,231
Long-term liabilities	
Portion due within one year	
Bonds payable	
Compensated absences	166,250
	5,427,290
Total liabilities	5,427,290
NET ASSETS	
Invested in capital assets	14,774,664
Restricted for	
Mental health	629,348
Rural service	484,971
Secondary roads	1,358,341
Other special revenue	326,866
Capital projects	29,610
Other purposes	42,061
Unrestricted	2,773,748
	20,419,609
Total net assets	20,419,609
Total liabilities and net assets	\$ 25,846,899

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2009

Functions and Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	Capital Grants	
Governmental activities					
Public safety and legal services	\$ 1,340,289	\$ 65,363	\$ 28,805		\$ (1,246,121)
Physical health and social services	650,099	47,239	185,260		(417,600)
Mental health	1,716,747	21,196	879,883		(815,668)
County environment and education	822,502	17,966	22,677		(781,859)
Roads and transportation	5,371,705	1,010	2,467,926	\$ 645,009	(2,257,760)
Government services to residents	348,546	230,701	6,841		(111,004)
Administration or general government	814,453	12,081	19,191		(783,181)
Nonprogram	23,281				(23,281)
Total governmental activities	\$ 11,087,622	\$ 395,556	\$ 3,610,583	\$ 645,009	(6,436,474)
General revenues					
Property taxes levied for					
General purposes					5,050,745
Local option sales tax					283,115
Penalty and interest on property taxes					68,163
State tax credits					732,088
Franchise tax					1,960
Rents					45,546
Unrestricted investment earnings					173,960
Loss on sale of capital assets					(125,557)
Miscellaneous					61,259
Total general revenues					6,291,279
Change in net assets					(145,195)
Net assets, beginning of year, restated					20,564,804
Net assets, end of year					\$ 20,419,609

See Notes to Financial Statements.

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ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
ASSETS				
Cash and pooled investments	\$ 2,518,220	\$ 808,351	\$ 473,411	\$ 1,276,874
Receivables				
Property tax				
Delinquent	65,907	11,356	1,667	
Succeeding year	2,734,496	674,199	1,301,875	
Accounts	51,197	3,731		
Accrued interest	12,455			
Notes receivable				
Due from other governments	5,285	19,546	28,090	241,231
Prepaid expenditures	30,211	94	177	
Inventories				332,155
Total assets	\$ 5,417,771	\$ 1,517,277	\$ 1,805,220	\$ 1,850,260
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 35,450	\$ 31,310	\$ 17,788	\$ 108,455
Salaries and benefits payable	11,355	758	409	30,357
Due to other governments	7,465	181,568		324
Deferred revenue				
Succeeding year property tax	2,734,496	674,199	1,301,875	
Other	43,857	8,416	1,295	20,628
Total liabilities	2,832,623	896,251	1,321,367	159,764
Fund balances				
Reserved for				
Inventories				332,155
Prepaid expenditures	30,211	94	177	
Other	42,061			
Special revenue funds		620,932	483,676	1,358,341
Capital projects				
Unreserved				
General fund	2,512,876			
Total fund balances	2,585,148	621,026	483,853	1,690,496
Total liabilities and fund balances	\$ 5,417,771	\$ 1,517,277	\$ 1,805,220	\$ 1,850,260

See Notes to Financial Statements.

EXHIBIT C

Other Governmental Funds	Total Governmental Funds
\$ 355,031	\$ 5,431,887
	78,930
	4,710,570
897	55,825
548	13,003
125,231	125,231
	294,152
	30,482
	332,155
<u>\$ 481,707</u>	<u>\$ 11,072,235</u>
	\$ 193,003
	42,879
	189,357
	4,710,570
\$ 125,231	199,427
<u>125,231</u>	<u>5,335,236</u>
	332,155
	30,482
	42,061
326,866	2,789,815
29,610	29,610
	<u>2,512,876</u>
<u>356,476</u>	<u>5,736,999</u>
<u>\$ 481,707</u>	<u>\$ 11,072,235</u>

ALLAMAKEE COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2009

Reconciliation of governmental fund balances to net assets	
Total governmental fund balances	\$ 5,736,999
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds, net of accumulated depreciation of \$7,066,067	14,774,664
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds	74,196
Other liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported as liabilities in the funds	
Compensated absences	<u>(166,250)</u>
Net assets of governmental activities	<u>\$ 20,419,609</u>

See Notes to Financial Statements.

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ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Special Revenue		
		Mental Health	Rural Services	Secondary Roads
REVENUES				
Property and other County tax	\$ 2,848,955	\$ 743,363	\$ 1,415,545	
Local option sales tax			148,298	\$ 134,817
Interest and penalty on property tax	68,163			
Intergovernmental	359,290	1,410,869	69,990	3,062,197
Licenses and permits	52,140			1,010
Charges for service	303,435	20,813	8,460	505
Use of money and property	209,376			10,140
Miscellaneous	29,257		610	13,600
Total revenues	3,870,616	2,175,045	1,642,903	3,222,269
EXPENDITURES				
Current				
Public safety and legal services	1,317,526			
Physical health and social services	648,115			
Mental health		1,711,713		
County environment and education services	416,949		359,563	
Roads and transportation	383,478			4,243,210
Governmental services to residents	348,289			
Administrative services	825,036			
Nonprogram	23,281			
Capital project				140,576
Total expenditures	3,962,674	1,711,713	359,563	4,383,786
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(92,058)	463,332	1,283,340	(1,161,517)
OTHER FINANCING SOURCES (USES)				
Transfers in				1,341,079
Gain from disposal of capital assets	3,000			
Stamped warrants				
Transfers out	(109,953)		(1,240,176)	
	(106,953)		(1,240,176)	1,341,079
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(199,011)	463,332	43,164	179,562
FUND BALANCES, beginning of year, restated	2,784,159	157,694	440,689	1,510,934
FUND BALANCES, end of year	\$ 2,585,148	\$ 621,026	\$ 483,853	\$ 1,690,496

See Notes to Financial Statements.

EXHIBIT D

Other Governmental Funds	Total Governmental Funds
	\$ 5,007,863
	283,115
	68,163
\$ 63,313	4,965,659
	53,150
3,239	336,452
27,088	246,604
	43,467
93,640	11,004,473
	1,317,526
22,598	670,713
	1,711,713
36,219	812,731
41,206	4,667,894
	348,289
	825,036
	23,281
	140,576
100,023	10,517,759
(6,383)	486,714
	1,350,129
9,050	9,751
6,751	
	(1,350,129)
15,801	9,751
	496,465
9,418	
347,058	5,240,534
\$ 356,476	\$ 5,736,999

ALLAMAKEE COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances
of governmental funds to the statement of activities

Net change in fund balances - total governmental funds	\$	496,465
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net assets and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period		
Depreciation	\$	(1,090,103)
Capital outlays		489,222
		(600,881)
Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are deferred in the governmental funds		
Property tax		42,882
Other		20,628
		63,510
The net effect of disposal of capital assets		(135,307)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences		31,018
		31,018
Change in net assets of governmental activities	\$	(145,195)

See Notes to Financial Statements.

ALLAMAKEE COUNTY
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2009

ASSETS	
Cash and pooled investments	
County Treasurer	\$ 1,503,921
Other County officials	45,320
Receivables	
Property tax	
Delinquent	353,026
Succeeding year	10,841,064
Accounts	27,562
Due from other governments	60,439
	<hr/>
Total assets	\$ 12,831,332
	<hr/> <hr/>
LIABILITIES	
Accounts payable	\$ 3,085
Due to other governments	12,825,128
Trusts payable	537
Compensated absences	2,582
	<hr/>
Total liabilities	\$ 12,831,332
	<hr/> <hr/>
NET ASSETS	\$ None

See Notes to Financial Statements.

ALLAMAKEE COUNTY

NOTES TO FINANCIAL STATEMENTS

1. Nature of Operations and Significant Accounting Policies

a. Nature of Operations

Allamakee County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance, and general administrative services.

b. Significant Accounting Policies

Scope of Reporting Entity

For financial reporting purposes, Allamakee County has included all funds, organizations, account groups, agencies, boards, commissions, and authorities. The County has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the County to impose its will on that organization, or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the County; or the organization is fiscally dependent on the primary government. Also, any other organizations that due to the nature of significance of their relationship with the County should be included in the financial statements as component units.

Jointly Governed Organizations

The County participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Allamakee County Assessor's Conference Board, Allamakee County Emergency Management Commission and Allamakee County Joint E-911 Service Board. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in agency funds of the County.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities report information on all of the non-fiduciary activities of the County. Governmental activities are supported by property tax and intergovernmental revenues and other non-exchange transactions are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest that are restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental.

The funds of the financial reporting entity are described below:

Governmental

General Fund

The general fund accounts for all the financial resources of the County, except for those required to be accounted for by other funds. The revenues of the general fund are primarily derived from general property taxes, charges for services, licenses and permits, and certain revenues from state and federal sources. The expenditures of the general fund primarily relate to general administration of public safety and legal services, physical health and social services, county environment and education services, governmental services to residents and administrative services.

Special Revenue Funds

The special revenue funds are used to account for revenues derived from specific sources which are usually required by law or regulation to be accounted for in separate funds. The major funds in this category are rural services, secondary roads, and Mental Health/Development Disabilities (MH/DD) Services.

Fiduciary Fund Types

Agency Funds

The agency funds are used to account for assets held by the County in a trustee or custodial capacity for other entities, such as individual, or other governmental units.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Measurement Focus

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide statement of net assets and the statement of activities, governmental activities are presented using the “economic resources” measurement focus. This means that all assets and all liabilities, whether current or non-current, associated with their activity are included on their statements of net assets. In reporting the financial activity on the governmental activities statements, the County applies all applicable GASB pronouncements.

In the fund financial statements, the “current financial resources” measurement focus is used. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of “available spendable resources.” Governmental fund operating statements present increases, revenues and other financing sources, and decreases, expenditures and other financing uses in fund balances. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The government-wide funds are accounted for using the accrual basis of accounting. Revenues are recognized as earned, and expenses are recognized when incurred. Property tax is recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied. This differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

All governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become both measurable and available. Available means collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due. Disbursements for the purchase of assets providing future benefits are recorded as expenditures at time of purchase.

Revenues susceptible to accrual under the modified accrual basis of accounting are property tax, intergovernmental revenue (shared revenues, grants and reimbursements from other governments), and charges for service and interest revenue. Revenues from licenses and permits, fines and forfeitures, refunds and reimbursements and other miscellaneous sources are generally recognized when received in cash as they are generally not measurable until actually received.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Basis of Accounting (Continued)

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash Management, Cash Equivalents, and Investments

The County Treasurer maintains one primary demand deposit account through which the majority of the County's cash resources are processed.

The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the general fund, unless otherwise provided by law. Investments are stated at fair value.

Property Tax Receivable

Property taxes in the governmental funds are accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy date, which is the date that the tax asking is certified by the County Board of Supervisors. Delinquent property taxes receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Notes Receivable

Notes receivable represent economic development loans from the County's revolving loan special revenue fund made to qualifying businesses. These loans are to be paid back with interest over a period ranging from two to three years. Interest rates on these notes receivables range from 3.0% to 5.0%. The balance of the loans receivable at June 30, 2009 was \$125,231.

Interfund Transactions

During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2009, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Most of the interfund transactions have been eliminated on the government-wide statements.

Due from Other Governments

Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants, and reimbursements from other governments.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Inventories

Inventories are valued at cost using the first-in, first-out method. Inventories in the special revenue funds consist of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types. Reported inventories in the governmental fund financial statements are equally offset by a fund balance reserve which indicates that they are not available to liquidate current obligations.

Prepaid Expenditures

Payments made for insurance for a future period beyond June 30, 2009 are recorded as prepaid insurance. The fund balances in the governmental fund types have been reserved for the prepaid expenditures recorded in those funds. This reflects the amount of net assets not currently available for expenditure.

Capital Assets

Capital assets, which include property, equipment and vehicles, and infrastructure assets, are reported in the governmental activities column of the government-wide statement of net assets. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Reportable capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

Land, buildings and improvements	\$	25,000
Equipment and vehicles		5,000
Infrastructure, road networks		50,000

Property and equipment of the County is depreciated using the straight line method over the following estimated useful lives:

Buildings and improvements	20-50
Land improvements	20-50
Equipment	2-20
Vehicles	3-10
Infrastructure, road network	30-65

Due to Other Governments

Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable

Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Equity (Continued)

Deferred Revenue

In the fund financial statements certain revenues are measurable they are not available. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable as well as delinquent property tax receivables and other receivables not collected within sixty days after year end. Deferred revenue on the statement of net assets consist of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Compensated Absences

County employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. During the year ended June 30, 2004, the County established a plan to allow employees who were retiring to convert accumulated sick leave to insurance premiums. A liability is recorded when incurred in the government-wide and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2009. The compensated absence liability attributable to the governmental activities will be paid primarily by the general fund, mental health, rural services and secondary roads special revenue funds. The County's approximate maximum liability for accrued vacation pay at June 30, 2009 is \$166,250.

In accordance with the Code of Iowa Chapter 509A.13 the County provides post-employment health care benefits. Employees retiring before attaining sixty-five years of age may continue participation in the plan at their own expense until the employee attains sixty-five years of age.

Fund Balance

In the governmental fund financial statements, reservation of fund balances are reported for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Reserved fund balances are used first when an expenditure is incurred for purposes for both reserved and unreserved fund balances.

Net Assets

Invested in capital assets consists of capital assets net of accumulated depreciation.

Restricted net assets consists of net assets with constraints placed on the use either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted net assets are used first when an expense is incurred for purposes for both restricted and unrestricted net assets.

1. Nature of Operations and Significant Accounting Policies (Continued)

b. Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as required supplementary information.

Revenues, Expenditures and Expenses

Property tax revenue recognized in the governmental funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2008.

Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Federal and state grants, primarily capital grants, are recorded as revenue when the expenditures for the purpose of the grant have been incurred. Substantially all other shared revenues are recorded during the period when received from the collecting authority, the State of Iowa.

Management Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Deposits and Investments

The County's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants and improvement certificates of a drainage district.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Interest Rate Risk

The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the County.

NOTES TO FINANCIAL STATEMENTS

3. Due from Other Governments

Due from other governments consist of the following at June 30, 2009:

Governmental	
General fund, other	\$ 5,285
Special revenue	
Mental health fund, other	19,546
Rural service fund	
Local option sales tax	28,090
Secondary roads fund	
Road use tax	195,066
Local option sales tax	25,537
Other	20,628
	241,231
Total governmental	\$ 294,152

4. Capital Assets

Capital assets activity for the year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Governmental activities				
Land	\$ 845,228	\$ None	\$ None	\$ 845,228
Capital assets being depreciated				
Buildings and improvements	1,846,344			1,846,344
Equipment	3,962,867	317,923	421,992	3,858,798
Vehicles	2,151,299	171,299	88,137	2,234,461
Infrastructure	13,055,900			13,055,900
Total capital assets being depreciated	21,016,410	489,222	510,129	20,995,503
Less accumulated depreciation				
Buildings and improvements	953,153	36,257		989,410
Equipment	2,286,009	348,149	286,685	2,347,473
Vehicles	1,537,740	209,986	88,137	1,659,589
Infrastructure	1,573,884	495,711		2,069,595
Total accumulated depreciation	6,350,786	1,090,103	374,822	7,066,067
Total capital assets being depreciated, net	14,665,624	(600,881)	135,307	13,929,436
Governmental activities				
Capital assets, net	\$ 15,510,852	\$ (600,881)	\$ 135,307	\$ 14,774,664

NOTES TO FINANCIAL STATEMENTS

4. Capital Assets (Continued)

For the year ended June 30, 2009, depreciation expense was charged to functions of the primary government as follows:

Governmental activities		
Public safety and legal services	\$	42,309
Physical health and social services		1,039
Mental health		4,967
County environment and education		28,278
Roads and transportation		977,830
Governmental services to residents		3,215
Administrative services		16,153
Nonprogram		16,312
		16,312
	\$	1,090,103

5. Due to Other Governments

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments as of June 30, 2009 is as follows:

Governmental		
General fund	Services	\$ 7,465
Special revenue fund		
MH/DD	Services	181,568
Secondary roads		324
		181,892
Total governmental		\$ 189,357
Fiduciary		
Agency		
County assessor	Collections	\$ 310,419
Schools		7,220,489
Area schools		558,054
Corporations		3,159,397
Auto license and use tax		260,222
Other		1,316,547
		1,316,547
Total agency funds		\$ 12,825,128

NOTES TO FINANCIAL STATEMENTS

6. Pension and Retirement Benefits

The County contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits, which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10%, 3.90%, and 3.70% of their annual covered salary and the County is required to contribute 6.35%, 6.05%, and 5.75% of covered salary for the years ended June 30, 2009, 2008, and 2007 respectively. Certain employees in special risk occupations and the County contribute an actuarially determined contribution rate. Contribution requirements are established by state statute. The County's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$216,330, \$197,249, and \$181,475, respectively, equal to the required contributions for each year.

7. Construction, Purchase and Other Commitments

The total outstanding construction and purchase commitments of the County at June 30, 2009 amount to \$567,129 and commitments to be reimbursed is \$None.

The County entered into a 28E Agreement with Winneshiek County to share the cost of the CPC personnel. Each county will pay fifty percent of wages and benefits. The agreement shall remain in full force and effect until such time as the Board of Supervisors for one of the participating counties passes a resolution withdrawing from the agreement and provides at least sixty days notice before the withdrawal is effective.

8. Leases

As of June 30, 2009, the County is renting various county owned properties to other parties under operating leases. The leases vary in term but are typically short-term in nature.

9. Long-term Debt Obligations

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Balance June 30, 2008	Issued	(Paid)	Balance June 30, 2009	Amounts Due Within One Year
Other liabilities					
Compensated absences	\$ 197,268	\$ 166,250	\$ (197,268)	\$ 166,250	\$ 166,250
Governmental activities					
Long-term liabilities	\$ 197,268	\$ 166,250	\$ (197,268)	\$ 166,250	\$ 166,250

NOTES TO FINANCIAL STATEMENTS

9. **Long-term Debt Obligations (Continued)**

At June 30, 2009, the debt issued by the County did not exceed its legal debt margin compiled as follows:

Total assessed valuation	\$ 971,772,114
Debt limit – 5% of total assessed valuation	\$ 48,588,606
Legal debt margin	\$ 48,588,606

10. **Interfund Transfers**

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

	Transfers In	Transfers Out
General fund		
Secondary roads		\$ 100,903
Nonmajor governmental		9,050
		109,953
Special revenue		
Rural services		1,240,176
Secondary roads	\$ 1,341,079	
	1,341,079	1,240,176
	1,341,079	1,350,129
Nonmajor governmental	9,050	None
Total	\$ 1,350,129	\$ 1,350,129

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

NOTES TO FINANCIAL STATEMENTS

11. Fund Equity

The government-wide statement of net assets reports \$2,869,184 of restricted net assets, of which \$2,816,428 is restricted by enabling legislation. The amounts restricted at June 30, 2009 are as follows:

Restricted net assets	
General fund	
Prisoner room and board	\$ 39,627
Forfeiture	2,434
	42,061
 Special revenue fund	
Mental health	629,348
Rural services	484,971
Secondary roads	1,358,341
Nonmajor governmental funds	326,866
	2,799,526
 Capital projects fund	
	29,610
	\$ 2,871,197

The amounts reserved at June 30, 2009 are as follows:

Reserved fund balances	
General fund	
Prepaid expenditures	\$ 30,211
Forfeiture	2,434
Other	39,627
	72,272
 Special revenue fund	
Prepaid expenditures	271
Inventories	332,155
Nonmajor governmental funds	356,476
Rural services	483,676
Mental health	620,932
Secondary roads	1,358,341
	3,151,851
	\$ 3,224,123

12. Contingent Liabilities

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants were subjected to local audit but still remain open to audit by the appropriate grantor government. If expenditures are disallowed by the grantor government due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. As of June 30, 2009 significant amounts of grant expenditures have not been audited by granting authorities but the County believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

13. Risk Management

The County is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County carries commercial insurance purchased from other insurers for coverage associated with these risks. During the year ended June 30, 2009, there were no significant changes in insurance coverage from prior years. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. Restatement

The beginning net assets were restated by \$871 for the reclassification of the drainage district.

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ALLAMAKEE COUNTY
 BUDGETARY COMPARISON SCHEDULE
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCE -
 BUDGET AND ACTUAL (CASH BASIS) - ALL GOVERNMENTAL FUNDS
 June 30, 2009

	Actual	Less Amounts not Budgeted	Budget Basis
RECEIPTS			
Property and other County tax	\$ 5,271,279		\$ 5,271,279
Interest and penalty on property tax	58,118		58,118
Intergovernmental	4,972,665		4,972,665
Licenses and permits	53,549		53,549
Charges for service	344,206		344,206
Use of money and property	250,350	\$ 10	250,340
Miscellaneous	40,511	1,000	39,511
Total receipts	10,990,678	1,010	10,989,668
DISBURSEMENTS			
Public safety and legal services	1,317,711		1,317,711
Physical health and social services	669,583		669,583
Mental health	1,765,270		1,765,270
County environment and education services	812,604		812,604
Roads and transportation	4,773,327		4,773,327
Governmental services to residents	350,987		350,987
Administrative services	820,475		820,475
Nonprogram	16,535		16,535
Capital project	181,773		181,773
Total disbursements	10,708,265	-	10,708,265
EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS	282,413	1,010	281,403
OTHER FINANCING SOURCES, NET	9,750		9,750
EXCESS (DEFICIENCY) OF RECEIPTS AND OTHER FINANCING SOURCES OVER (UNDER) DISBURSEMENTS AND OTHER FINANCING USES	292,163	1,010	291,153
BALANCE, beginning of year	5,139,724		5,139,724
BALANCE, end of year	\$ 5,431,887	\$ 1,010	\$ 5,430,877

See Notes to Required Supplementary Information.

Budget Amounts		Final to Actual Variance- Positive (Negative)
Original	Final	
\$ 5,281,091	\$ 5,281,094	\$ (9,815)
35,800	35,800	22,318
4,425,014	4,771,448	201,217
50,358	50,358	3,191
262,000	262,000	82,206
231,556	244,486	5,854
49,700	25,764	13,747
<u>10,335,519</u>	<u>10,670,950</u>	<u>318,718</u>
1,336,640	1,390,272	72,561
648,613	746,688	77,105
2,052,946	2,053,946	288,676
838,699	866,721	54,117
4,314,008	5,194,721	421,394
418,805	418,874	67,887
971,012	973,497	153,022
58,118	29,564	13,029
675,000	320,000	138,227
<u>11,313,841</u>	<u>11,994,283</u>	<u>1,286,018</u>
(978,322)	(1,323,333)	1,604,736
<u>7,800</u>	<u>7,800</u>	<u>1,950</u>
(970,522)	(1,315,533)	1,606,686
<u>4,202,088</u>	<u>4,202,088</u>	<u>937,636</u>
<u>\$ 3,231,566</u>	<u>\$ 2,886,555</u>	<u>\$ 2,544,322</u>

ALLAMAKEE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 BUDGETARY COMPARISON SCHEDULE
 BUDGET TO GAAP RECONCILIATION
 For the Year Ended June 30, 2009

	Governmental Funds		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 10,990,678	\$ 13,795	\$ 11,004,473
Expenditures	10,708,265	(190,506)	10,517,759
Net	282,413	204,301	486,714
Other financing sources, net	9,750	1	9,751
Beginning fund balance	5,139,724	100,810	5,240,534
Ending fund balance	\$ 5,431,887	\$ 305,112	\$ 5,736,999

See Notes to Required Supplementary Information.

ALLAMAKEE COUNTY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING

June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the general fund and each major special revenue fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all governmental funds except agency funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon 10 major classes of expenditures known as functions, not by fund or fund type. These 10 functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, nonprogram, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the general fund, special revenue funds, capital projects fund and debt service fund. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, one budget amendment increased budgeted disbursements by \$680,442. The budget amendment is reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office, by the County Agricultural Extension Council; for the County Assessor by the County Conference Board; and for the E-911 System by the Joint E-911 Service Board, and for Emergency Management Services by the County Emergency Management Commission.

Included in the amounts not budgeted is the forfeiture account used by the Sheriff's department.

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**INDEPENDENT AUDITOR'S REPORT ON THE
SUPPLEMENTARY INFORMATION**

**To the Board of Supervisors
Allamakee County
Waukon, Iowa**

Our report on our audit of the basic financial statements of Allamakee County as of and for the year ended June 30, 2009 appears on pages 2-3. In our report, our opinion on the governmental activities and special revenue major fund-secondary roads was qualified because of scope limitation on valuation of inventory. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Allamakee County's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor funds financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

The basic financial statements of Allamakee County for the years ended June 30, 2008, 2007, 2006, 2005, and 2004, none of which are presented herein, were audited by other auditors whose reported dated February 19, 2009, expressed unqualified opinion on those financial statements. Their report, as of the same date, on the information set forth in the required supplementary information for each of the five years in the period ended June 30, 2009, appearing on page 35 stated that, in their opinion was fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 23, 2009

ALLAMAKEE COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2009

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
ASSETS			
Cash and pooled investments	\$ 325,421	\$ 29,610	\$ 355,031
Receivables			
Accounts	897		897
Accrued interest	548		548
Notes receivable	125,231		125,231
	<u>125,231</u>	<u>29,610</u>	<u>125,231</u>
Total assets	\$ 452,097	\$ 29,610	\$ 481,707
LIABILITIES AND FUND BALANCES			
Liabilities			
Deferred revenue			
Other	\$ 125,231		\$ 125,231
	<u>125,231</u>	<u>29,610</u>	<u>125,231</u>
Total liabilities	125,231	29,610	125,231
Fund balances			
Reserved			
Special revenue funds	326,866		326,866
Capital projects		\$ 29,610	29,610
	<u>326,866</u>	<u>29,610</u>	<u>356,476</u>
Total fund balances	326,866	29,610	356,476
	<u>\$ 452,097</u>	<u>\$ 29,610</u>	<u>\$ 481,707</u>
Total liabilities and fund balances	\$ 452,097	\$ 29,610	\$ 481,707

See Independent Auditor's Report on the Supplementary Information.

ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Revenue	Capital Projects	Nonmajor Governmental Funds
REVENUES			
Intergovernmental	\$ 33,203	\$ 30,110	\$ 63,313
Charges for service	3,239		3,239
Use of money and property	27,088		27,088
Total revenues	<u>63,530</u>	<u>30,110</u>	<u>93,640</u>
EXPENDITURES			
Current			
Physical health and social services	22,598		22,598
County environment and education services	36,219		36,219
Roads and transportation	3,569	37,637	41,206
Total expenditures	<u>62,386</u>	<u>37,637</u>	<u>100,023</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,144</u>	<u>(7,527)</u>	<u>(6,383)</u>
OTHER FINANCING SOURCES			
Transfers in	9,050		9,050
Gain from disposal of capital assets	6,751		6,751
	<u>15,801</u>		<u>15,801</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	<u>16,945</u>	<u>(7,527)</u>	<u>9,418</u>
FUND BALANCES, beginning of year	<u>309,921</u>	<u>37,137</u>	<u>347,058</u>
FUND BALANCES, end of year	<u>\$ 326,866</u>	<u>\$ 29,610</u>	<u>\$ 356,476</u>

See Independent Auditor's Report on the Supplementary Information.

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ALLAMAKEE COUNTY
 COMBINING BALANCE SHEET
 NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2009

	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection	Conservation Special Projects
ASSETS				
Cash and pooled investments	\$ 53,607	\$ 15,296	\$ 138,924	\$ 14,432
Receivables				
Accounts				
Accrued interest		319	229	
Notes receivable				
Total assets	\$ 53,607	\$ 15,615	\$ 139,153	\$ 14,432
LIABILITIES AND FUND BALANCES				
Liabilities				
Deferred revenue				
Total liabilities				
Fund balances				
Reserved	\$ 53,607	\$ 15,615	\$ 139,153	\$ 14,432
Total fund balances	53,607	15,615	139,153	14,432
Total liabilities and fund balances	\$ 53,607	\$ 15,615	\$ 139,153	\$ 14,432

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 3

Revolving Loan Fund	Emergency Medical Services	Conservation Land Acquisition Fund	Total Nonmajor Special Revenue Funds
\$ 89,990	\$ 14	\$ 13,158	\$ 325,421
897			897
125,231			548
<u>125,231</u>			<u>125,231</u>
<u>\$ 216,118</u>	<u>\$ 14</u>	<u>\$ 13,158</u>	<u>\$ 452,097</u>
<u>\$ 125,231</u>			<u>\$ 125,231</u>
<u>125,231</u>			<u>125,231</u>
<u>90,887</u>	<u>\$ 14</u>	<u>\$ 13,158</u>	<u>326,866</u>
<u>90,887</u>	<u>14</u>	<u>13,158</u>	<u>326,866</u>
<u>\$ 216,118</u>	<u>\$ 14</u>	<u>\$ 13,158</u>	<u>\$ 452,097</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 For the Year Ended June 30, 2009

	Water Testing Grant	Recorder's Records Management	Resource Enhancement and Protection	Conservation Special Projects
REVENUES				
Intergovernmental	\$ 16,454		\$ 16,749	
Charges for service		\$ 3,239		
Use of money and property		14	3,353	
Miscellaneous				
Total revenues	16,454	3,253	20,102	
EXPENDITURES				
Current				
Physical health and social services	13,550			
County environment and education services			6,219	
Governmental services to residents		3,569		
Total expenditures	13,550	3,569	6,219	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,904	(316)	13,883	
OTHER FINANCING SOURCES				
Transfer in				
Stamped warrants				
Gain from disposal of capital assets				
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	2,904	(316)	13,883	
FUND BALANCES, beginning of year	50,703	15,931	125,270	\$ 14,432
FUND BALANCES, end of year	\$ 53,607	\$ 15,615	\$ 139,153	\$ 14,432

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 4

Revolving Loan Fund	Emergency Medical Services	Conservation Land Acquisition Fund	Total Nonmajor Special Revenue Funds
			\$ 33,203
			3,239
\$ 23,721			27,088
			-
<u>23,721</u>			<u>63,530</u>
30,000	\$ 9,048		22,598
			36,219
			3,569
<u>30,000</u>	<u>9,048</u>		<u>62,386</u>
(6,279)	(9,048)		1,144
	9,050		9,050
			-
		\$ 6,751	6,751
	9,050	6,751	15,801
(6,279)	2	6,751	16,945
<u>97,166</u>	<u>12</u>	<u>6,407</u>	<u>309,921</u>
<u>\$ 90,887</u>	<u>\$ 14</u>	<u>\$ 13,158</u>	<u>\$ 326,866</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 June 30, 2009

	County Offices	Agricultural Extension Education	Assessor
ASSETS			
Cash and pooled investments			
County Treasurer		\$ 2,979	\$ 156,423
Other County officials	\$ 45,320		
Receivables			
Property tax			
Delinquent		2,108	158
Succeeding year		125,171	156,497
Accounts	2,751		
Due from other governments			
Prepaid insurance			-
Total assets	<u>\$ 48,071</u>	<u>\$ 130,258</u>	<u>\$ 313,078</u>
LIABILITIES			
Accounts payable			\$ 233
Due to other governments	\$ 48,021	\$ 130,258	310,419
Trusts payable	50		
Accrued compensated absences			2,426
Total liabilities	<u>\$ 48,071</u>	<u>\$ 130,258</u>	<u>\$ 313,078</u>

See Independent Auditor's Report on the Supplementary Information.

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 163,086	\$ 7,089	\$ 73,309	\$ 23,254	\$ 260,222	\$ 817,559	\$ 1,503,921 45,320
128,496	9,127	210,890	184		2,063	353,026
6,928,907	541,838	2,875,198	90,962		122,491	10,841,064
			19,934		24,811	27,562
					40,505	60,439
						-
<u>\$ 7,220,489</u>	<u>\$ 558,054</u>	<u>\$ 3,159,397</u>	<u>\$ 134,334</u>	<u>\$ 260,222</u>	<u>\$ 1,007,429</u>	<u>\$ 12,831,332</u>
\$ 7,220,489	\$ 558,054	\$ 3,159,397	\$ 134,334	\$ 260,222	\$ 2,852 1,003,934	\$ 3,085 12,825,128
					487	537
					156	2,582
<u>\$ 7,220,489</u>	<u>\$ 558,054</u>	<u>\$ 3,159,397</u>	<u>\$ 134,334</u>	<u>\$ 260,222</u>	<u>\$ 1,007,429</u>	<u>\$ 12,831,332</u>

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ALLAMAKEE COUNTY
 COMBINING SCHEDULE OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	County Offices	Agricultural Extension Education	Assessor
ASSETS AND LIABILITIES			
BALANCE, beginning of year	\$ 28,202	\$ 122,617	\$ 291,765
ADDITIONS			
Property and other County tax		139,531	171,603
State tax credits		6,403	7,819
Local option sales tax			
Office fees and collections	258,594		816
Auto license, use tax and postage			
E-911 telephone surcharges			
Miscellaneous	1,847		38
Assessments			
Trusts	95,263		
Total additions	355,704	145,934	180,276
DEDUCTIONS			
Agency remittances			
To other funds	127,249		
To other governments	113,277	138,293	
Trusts paid out	86,889		
Miscellaneous	8,420		158,963
Total deductions	335,835	138,293	158,963
Stamped warrants			
BALANCE, end of year	\$ 48,071	\$ 130,258	\$ 313,078

See Independent Auditor's Report on the Supplementary Information.

<u>Schools</u>	<u>Area Schools</u>	<u>Corporations</u>	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Other</u>	<u>Total</u>
\$ 6,654,715	\$ 292,301	\$ 3,021,150	\$ 110,499	\$ 212,981	\$ 1,054,586	\$ 11,788,816
7,665,963	580,095	2,947,990	342,483		135,234	11,982,899
347,369	15,238	118,895	4,740		5,585	506,049
			19,934			19,934
					3,202	262,612
				2,846,722		2,846,722
					361,727	361,727
					408,868	410,753
					18,220	18,220
						95,263
<u>8,013,332</u>	<u>595,333</u>	<u>3,066,885</u>	<u>367,157</u>	<u>2,846,722</u>	<u>932,836</u>	<u>16,504,179</u>
7,447,558	329,580	2,928,638	343,322	89,166		216,415
				2,710,315	538,390	14,549,373
					14,734	101,623
					429,369	596,752
<u>7,447,558</u>	<u>329,580</u>	<u>2,928,638</u>	<u>343,322</u>	<u>2,799,481</u>	<u>982,493</u>	<u>15,464,163</u>
					2,500	2,500
<u>\$ 7,220,489</u>	<u>\$ 558,054</u>	<u>\$ 3,159,397</u>	<u>\$ 134,334</u>	<u>\$ 260,222</u>	<u>\$ 1,007,429</u>	<u>\$ 12,831,332</u>

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ALLAMAKEE COUNTY
 COMPARATIVE SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION
 All GOVERNMENTAL FUND TYPES
 Years Ended June 30,

	Modified Accrual		
	2009	2008	2007
REVENUES			
Property and other County tax	\$ 5,007,863	\$ 4,831,728	\$ 4,723,709
Local option sales tax	283,115	253,398	271,291
Interest and penalty on property tax	68,163	49,985	49,838
Intergovernmental	4,965,659	4,034,913	3,970,501
Licenses and permits	53,150	52,413	42,871
Charges for service	336,452	435,027	392,180
Use of money and property	246,604	326,701	389,971
Miscellaneous	43,467	120,246	90,975
Total revenues	\$ 11,004,473	\$ 10,104,411	\$ 9,931,336
EXPENDITURES			
Current			
Public safety and legal services	\$ 1,317,526	\$ 1,235,498	\$ 1,213,881
Physical health and social services	670,713	539,900	534,490
Mental health	1,711,713	1,941,090	1,806,281
County environment and education services	812,731	813,482	791,667
Roads and transportation	4,667,894	3,775,558	3,443,693
Governmental services to residents	348,289	332,739	325,189
Administrative services	825,036	863,707	833,405
Nonprogram	23,281	85,795	52,270
Debt service			
Capital project	140,576	95,363	453,243
Total expenditures	\$ 10,517,759	\$ 9,683,132	\$ 9,454,119

See Independent Auditor's Report on the Supplementary Information.

SCHEDULE 7

Modified Accrual		
2006	2005	2004
\$ 4,151,995	\$ 4,089,645	\$ 3,105,241
220,325	253,372	222,151
52,497	54,286	28,902
4,001,987	4,051,657	2,788,622
44,272	44,341	3,895
376,677	357,358	356,000
303,211	260,670	64,405
964,671	139,065	193,443
\$ 10,115,635	\$ 9,250,394	\$ 6,762,659
\$ 1,142,122	\$ 1,088,415	\$ 879,651
512,612	567,575	450,526
1,655,661	1,559,726	1,099,206
2,007,914	687,490	641,948
3,544,348	3,496,989	2,655,035
419,335	346,985	211,876
816,362	728,677	696,011
54,085	131,532	4,110
		30,408
694,131	959,555	29,817
\$ 10,846,570	\$ 9,566,944	\$ 6,698,588

ALLAMAKEE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) Significant deficiencies in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - CFDA Number 97.036 – Public Assistance (Presidentially Declared Disasters)
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Allamakee County did not qualify as a low-risk auditee.

ALLAMAKEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section II: Findings Related to the Financial Statements

09-1 Financial Report Preparation

Reporting financial data reliably in accordance with generally accepted accounting principles requires management to possess sufficient knowledge and expertise to select and apply accounting principles and prepare year-end financial statements, including footnote disclosures. Management presently lacks the qualifications and training to appropriately fulfill these responsibilities, which is a common situation in small entities.

Obtaining additional generally accepted accounting principles knowledge through reading relevant accounting literature and attending local professional education courses should help management significantly improve in their ability to prepare and take responsibility for reliable generally accepted accounting principles financial statements.

Response

Management is cognizant of this limitation.

Conclusion

Response acknowledged.

09-2 Segregation of Duties

One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Bank deposits are prepared by the same person who opens the bank statement. Disbursements and checks are prepared by one person.

Recommendation

While we do recognize the County offices are not large enough to permit a segregation of duties for an effective internal control, we believe it is important the Board be aware that this condition does exist.

Response and Corrective Action Planned

We segregate duties in our offices as much as possible, and will strive to improve internal controls where possible.

Conclusion

Response accepted.

Section III: Findings and Questioned Costs for Federal Awards

CFDA Number 97.036 Public Assistance (Presidentially Declared Disasters)
Federal Award Year: 2009
U.S. Department of Homeland Security
Passed through Iowa Department of Public Defense

See 09-1 and 09-2 above

ALLAMAKEE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2009

Section IV: Other Findings Related to Required Statutory Reporting

See Management Letter dated December 23, 2009

Section V: Summary of Prior Federal Audit Findings and Questioned Costs

<u>Comment Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>Explanation</u>
II-A-08	Financial report preparation	Not corrected	Management does not have the necessary training to prepare year-end financial statements.
II-B-08	Overlapping duties	Not corrected	The County has limited staff and segregates duties to the best of their abilities.

ALLAMAKEE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Grantor/Program	CFDA Number	Grant Number/Description	Program Expenditures
Direct			
U.S. Department of Interior Payments in Lieu of Taxes	15.226		\$ 20,937
Indirect			
U.S. Department of Agriculture Passed through Iowa Department of Human Services State Administrative Matching Grants for Food Stamp Program	10.561	LAE Reimbursement	4,468
U.S. Department of Transportation Passed through Iowa Department of Transportation Highway Planning and Construction	20.205	Disaster IA08-01 EDP-06(1)-7Y-03	27,627 30,110
			<u>57,737</u>
U.S. Department of Health and Human Services Passed through Iowa Department of Human Rights Temporary Assistance for Needy Families	93.558	LAE Reimbursement	4,144
Passed through Iowa Department of Human Services Social Services Block Grant	93.667 93.667	03-001 LAE Reimbursement	60,974 2,715
			<u>63,689</u>
Other Federal Financial Assistance			
Human Services Administrative Reimbursements Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	LAE Reimbursement	1,173
Foster Care - Title IV-E	93.658	LAE Reimbursement	2,502
Adoption Assistance	93.659	LAE Reimbursement	602
State Children's Insurance Program	93.767	LAE Reimbursement	34
Medical Assistance Program	93.778	LAE Reimbursement	5,456
			<u>9,767</u>
Sub-total U.S. Department of Health and Human Services			<u>77,600</u>
U.S. Department of Homeland Security			
Passed through Iowa Department of Public Defense Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036 97.036	FEMA DR-1727-IA FEMA DR-1763-IA	13,330 304,640
			<u>317,970</u>
Emergency Management Performance Grants	97.042	EMPG Reimbursement	35,315
Subtotal U.S. Department of Homeland Security			<u>353,285</u>
Total Federal Financial Assistance			<u>\$ 514,027</u>

See Independent Auditor's Report on the Schedule of Expenditures of Federal Awards.

ALLAMAKEE COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2009

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Allamakee County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**To the Board of Supervisors
Allamakee County
Waukon, Iowa**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County as of and for the year ended June 30, 2009, which collectively comprise Allamakee County's basic financial statements and have issued our report thereon dated December 23, 2009. The report on governmental activities and special revenue major fund-secondary roads was qualified because management did not take a physical count of materials and supplies inventory. Except as described in the preceding sentence, we conducted our audit in accordance with U.S. generally accepted auditing standards, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allamakee County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Allamakee County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Allamakee County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-2 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Allamakee County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Allamakee County in a separate letter dated December 23, 2009.

Allamakee County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Allamakee County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 23, 2009

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

To the Board of Supervisors
Allamakee County
Waukon, Iowa

Compliance

We have audited the compliance of Allamakee County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Allamakee County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Allamakee County's management. Our responsibility is to express an opinion on Allamakee County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Allamakee County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Allamakee County's compliance with those requirements.

In our opinion, Allamakee County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Allamakee County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Allamakee County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 09-1 and 09-2 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

Allamakee County's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Allamakee County's responses and, accordingly, we express no opinion on them.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Allamakee County as of and for the year ended June 30, 2009, and have issued our report thereon dated December 23, 2009. In our report, our opinion on the governmental activities and special revenue major fund-secondary roads was qualified because of scope limitation on valuation of inventory. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 23, 2009

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MANAGEMENT LETTER

To the Board of Supervisors
Allamakee County
Waukon, Iowa

In planning and performing our audit of the basic financial statements of Allamakee County for the year ended June 30, 2009, we considered the County's internal control to determine our auditing procedures for the purpose of expressing opinions on the financial statements and not to provide assurance on internal control.

In accordance with Chapter 11 of the Code of Iowa, we are required to report on the County's compliance with certain sections of the Iowa Code, Attorney General's Opinions and other matters. Items 1 through 10 below are compliance comments required by the Iowa Auditor of State. A separate report dated December 23, 2009, contains our report on significant deficiencies in the County's internal control. This letter does not affect our report dated December 23, 2009 on the basic financial statements of Allamakee County. Comments 11 and 14 are unresolved comments from the prior year. All other prior year statutory comments have been resolved. These comments are not intended to and do not constitute legal opinions. We did not audit the County's responses and, accordingly, we express no opinion on them.

1. Certified Budget

As of June 30, 2009, two departments exceeded appropriations. County expenditures during the year ended June 30, 2009 exceeded the amount budgeted in the County Attorney, health board and substance abuse departments.

Recommendation

Chapter 331.434(6) of the Code of Iowa authorizes the Board of Supervisors, by resolution, to increase or decrease appropriations of one office or department as long as the function budget is not increased. Such increases or decreases should be made before disbursements are allowed to exceed the appropriation.

Response

Department budgets will be monitored closer in the future.

Conclusion

Response accepted.

2. Questionable Expenditures

We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

3. Travel Expense
No expenditures of County money for travel expenses of spouses of County officials and/or employees were noted.
4. Business Transactions
We noted no business transactions between the County and County officials and/or employees for the year ended June 30, 2009.
5. Bond Coverage
Surety bond coverage of County officials and employees is in accordance with statutory provisions.
6. Board Minutes
No transactions were found that we believe should have been approved in the Board minutes but were not. The minutes were published as required by Chapter 349.18 of the Code of Iowa and Attorney General's opinions dated December 10, 1985, December 31, 1986 and May 2, 1989.
7. Resource Enhancement and Protection Certification
The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with Subsections (b)(2) and (b)(3).
8. County Extension Office
The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A through D.

Disbursements during the year ended June 30, 2009 for the County Extension Office did not exceed the amount budgeted.

The surety bond covering the Treasurer of the County Extension Council was in compliance with statutory provisions.

The County Extension Office received 4-H donations. These receipts were reflected in the Extension Council's accounting system and have been included in the annual budget or monthly financial reports. Disbursements from these proceeds were approved by the Extension Council prior to payment.
9. Deposits and Investments
No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the County's investment policy were noted.
10. County Assessor-Questionable Expenditures
We noted no expenditures that did not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
11. Property and Equipment Records
A record of the County's capital assets is maintained by individual offices. Property journal totals have not been summarized, nor has reconciliation been performed to balance additions and deletions to the general ledger.

11. Property and Equipment Records (Continued)

Recommendation

To facilitate the proper insurance, maintenance and safeguarding of these assets, an inventory of all property and equipment should be taken at least once each year and checked against the capital assets records.

Response

We will make an effort to ensure an inventory is taken at year end and compared to property and equipment records.

Conclusion

Response accepted.

12. Inventory

An inventory count was not taken as of June 30, 2009.

Recommendation

We recommend inventory be taken at year-end.

Response

We will make an effort to ensure that an inventory is taken at year-end.

Conclusion

Response accepted.

13. Fund Balance Deficits

Upon review of monthly fund balances, we noted the driver's license agency fund had a fund balance deficit during the year. In accordance with Chapter 331.476 of the Code of Iowa, no official should issue a warrant, execute a contract, or allow a claim, which would result in expenditures to exceed revenue collected during the fiscal year plus any unexpended balance from prior year.

Recommendation

We recommend County expenditures not exceed the revenues collected during the fiscal year plus unexpended balances from prior year in the individual funds. The County would then be in compliance with Chapter 331.476 of the Code of Iowa.

Response

The driver's license agency fund had a deficit balance due to some tax certificates being entered incorrectly. We will make every effort to double check entries before posting.

Conclusion

Response accepted.

14. Prepaid Expenditures

We noted the County is not consistent on their booking of prepaid expenditures. The County books the prepaid insurance for equipment and liability insurance but does not book the prepaid health insurance.

14. Prepaid Expenditures (Continued)

Recommendation

We recommend the County review its policy of booking prepaid expenditures to verify they are being consistent on all prepaid expenditures.

Response

The health insurance is a small amount compared to the equipment liability, but we will do both in the future.

Conclusion

Response accepted.

15. Transfers

During our audit, we noted that general fund and rural basic fund transfers to secondary roads exceeded the maximum amount allowed under Chapter 331.429 of the Code of Iowa, by \$6,186 and \$62,756, respectively.

Recommendation

We recommend the County review transfers to make sure they do not exceed the maximum allowable amount before authorization.

Response

We are working on a new formula for the transfers.

Conclusion

Response accepted.

16. Disbursements

During our audit, we noted one item was paid without the department head approval. There was one invoice paid without being approved by the Board of Supervisors. There were also fifteen warrants not stamped paid. We also noted there were checks outstanding over a year.

Recommendation

We recommend all invoices be reviewed and approval documented before being paid. The County should investigate the old outstanding checks and take the appropriate actions to resolve them.

Response

We will monitor the claims closer and also check the outstanding warrants over a year old and have the Board taken action on them.

Conclusion

Response accepted.

This report is intended solely for the information and use of the Board of Supervisors, management, others within the County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by the personnel of Allamakee County during the course of our examination.

Should you have any questions concerning these or other matters, we shall be pleased to discuss them with you at your convenience.

Hacker, Nelson & Co., P.C.

Decorah, Iowa
December 23, 2009